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Market Development Reports

Food Business Line

Periodic Press Translations from ATO Tokyo

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Report Highlights: A summary of current news reports in America's largest food and agricultural export market as translated from Japan's mass media and food press. This issue includes: Seiyu to open first upscale supermarket in Tokyo; boneless frozen fish is selling well; Kagome enters the fresh tomato business; the Tokyo Metropolitan Government develops new labeling system for GM and cloned beef products; and MAFF bans meat and bone meal for any use.

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Wholesale/Retail

- At the end of November, *Seiyu* will open its first upscale supermarket in a new building complex located in the Roppongi Hills area of central Tokyo. Imported foods and *sozai* side dishes created by well-known chefs will be featured at the store, targeting nearby business people and residents. (a 10/16)

Food Service

- Food service companies are starting to install electronic entertainment systems in their restaurants to attract more customers. For example, *Skylark* plans to install "Plus e," a computer system featuring games and astrology, in its Gusto family restaurants. *McDonald's Japan* also has begun installing touch-panel game systems in its restaurants. (a 10/23)
- To strengthen its sales in the Shikoku region, *Nisshin Iryo Shokuhin*, a major institutional food service company, announced on October 22 that it will acquire *Arimori*, a local institutional medical meal company in Ehime prefecture. *Nisshin Iryo Shokuhin* plans to continue expanding its market share through M&As. (a 10/23)

Food Processing/New Products/Market Trends

- Boneless frozen fish is selling well due to its safety and convenience. Frozen food manufacturers see large potential for this new field, especially for hospitals and nursing homes serving the elderly market. *Dairei* first started selling boneless fish three years ago, and has now been joined by *Nichiro* and *Katokichi*. After the fish are caught, they are transported to China, Thailand and Vietnam, where they are sliced and carefully de-boned prior to being sent to Japan. (f 9/27)
- *Kagome* announced it has entered the fresh tomato business, with an estimated two billion yen in sales expected for 2002. The company plans to sell tomatoes directly to supermarkets nationwide, and is now making contracts with 33 farmers. *Kagome* is targeting 10 billion yen in sales over the near term. (e 10/3)
- The Tokyo Metropolitan Government announced it has developed a new labeling mark for GM products and cloned beef that will begin December 1. The new voluntary labeling system is aimed at providing information to consumers in a format which is easier to understand than MAFF's current labeling system. (f 9/27)
- Japan's Agriculture Ministry (MAFF) announced on October 1 that Meat and Bone Meal (MBM) will be banned for any use starting October 4, and all MBM inventories will be incinerated at MAFF's expense. (a 10/1)
- SPAM, a processed pork product by U.S. manufacturer *Hormel*, is selling well recently. The success is due to a drop in the price of the product as a result of trade deregulation, as well as the result of a Hawaiian food boom. For example, "SPAM Sushi" (SPAM wrapped in seaweed with fried egg) drew attention when it was introduced by a famous Hawaiian sumo wrestler.

According to *Suzusho*, SPAM's Japan market representative, sales for the first half of the year were 50% higher than last year. (f 10/11)

- *Kirin Brewery* has reached an agreement with the British *Diaggio* group and French *Pernod Ricaro* to acquire the well-known "Four Roses" bourbon whisky brand. The acquisition is estimated to cost between 10 and 20 billion yen. It is the first time for a major Japanese beer company to obtain an international brand, and is sure to spark competition with other beer companies in Japan. (a 10/16)
- During the period January-August 2001, the U.S. share of corn imports dropped to 64 percent. After the detection of the unapproved Starlink variety of GM corn, food manufacturers switched from U.S. sources to other countries, such as China and South Africa. The price of imported U.S. corn also dropped to \$116 per ton, while prices of corn from other countries rose as high as \$150 per ton. With the recent BSE incident, it will likely take more time to regain consumer confidence regarding food safety. (a 10/23)
- *Vacel*, a kangaroo meat importer, has started a mail order business for processed kangaroo meat products in *Co-op* member cooperative catalogs. Kangaroo meat is generally thought to be free of antibiotics and low in fat. It attracted consumers in Europe recently when the BSE crisis erupted. *Vacel* will also accept orders on-line at: <http://www.pal.or.jp> (a 10/24)
- The *Bank of Japan (BOJ)* announced on October 29 that GDP is likely to decline in 2002. This would be the second consecutive year of decline. *BOJ* also estimates that deflation will continue. (a 10/30)

ATO/Cooperator/Competitor Activities/Trade Shows

- *Meat New Zealand* held a special seminar on September 20 at the Egami Cooking School in Tokyo promoting the safety aspects of New Zealand beef. (f 10/1)
- The *Almond Board of California* plans to exhibit Galette de Rois (a traditional lucky French confectionery) in the "2001 Japan Cake Show Tokyo" and promote it as a new way to celebrate the coming year. (f 10/1)
- The *Japan ASEAN Center* is holding an "ASEAN's Food Show" from September 17 to December 14 in their exhibition hall in Ginza, Tokyo. Around 300 varieties of food from eight ASEAN countries are being introduced at the show. (e 10/3)
- *Meat and Livestock Australia's* newspaper ad on the safety of Aussie beef was awarded the Nikkei Marketing Journal Advertisement Award for 2001. (b 10/11)
- The *U.S. Meat Export Federation* held a beef safety seminar on October 5 in Tokyo. President/CEO Philip Seng spoke about measures to prevent BSE in the United States and reemphasized the safety of U.S. beef. (f 10/22)

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Sources

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| (a) The Japan Economic Newspaper | (b) The Nikkei Marketing Journal |
| (c) The Japan Food Journal | (d) The Beverage & Food News Commentary |
| (e) The Japan Food News | (f) The Food Industry News |

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